

Canadian Vehicle Manufacturers' Association
2022 Ontario Budget Consultations



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The automotive industry is one of Ontario's most important economic sectors, contributing nearly \$14 billion to GDP and employing approximately 100,000 people. Motor vehicles and parts are Ontario's largest export, responsible for 28% of total exports.

The industry is going through an unprecedented technological transformation to electrification. With the right policies in place, the government can increase electric vehicle (EV) adoption and make the province a more attractive jurisdiction for job-creating automotive investment.

1. Increase Electric Vehicle Adoption

Achieving price, utility, and convenience parity is necessary for the mass market transition to EV technology. With EVs representing only 3.3% of provincial new vehicle registrations in 2021, significant investments are required to boost EV sales.

The reintroduction of a provincial consumer purchase incentives is critical to boosting EV adoption and supporting the government's goal to position Ontario as a North American leader in developing and building the car of the future. Transitioning to EV manufacturing as outlined in Driving Prosperity 2 is not possible without commensurate efforts to boost EV consumer demand.

Additional investments are also needed to expand the network of reliable public charging infrastructure, introduce funding programs for workplace and home charging stations, and bolster consumer awareness through public campaigns.

The province should play a leadership role in EV adoption by converting the provincial vehicle fleet to EVs.

2. Formalize Competitive Industrial Supports

We urge Ontario to formalize incentive and investment attraction programs as part of efforts to compete for new automotive investment. Such programs should be:

- Coordinated with other levels of government to ensure offerings are comparable to competitor jurisdictions.
- Flexible to reflect the continuing transformation underway in the industry, including covenants that are not overly restrictive and in line with other jurisdictions.
- Timely to provide global investment teams with clear signals on whether a project will be supported at the earliest stages of an application.
- Focussed on automotive-specific investment to message to global decision-makers that the government considers auto as a priority and values its economic contributions.

Ontario should be prepared to match the federal government's proposed 50% corporate tax rate reduction for businesses that manufacture zero-emission technologies. The province should also consider increasing the Ontario Research and Development Tax Credit.

3. Modernize the Municipal Tax System to Support Competitiveness

Automotive assembly must be treated equitably with our competitors in terms of the valuation of our properties. MPAC uses "*value in use*" to assess assembly plants in Ontario instead of market value, which is the norm. Unique properties like auto manufacturing facilities are particularly difficult to value given the lack of comparable sales in the real estate market. Ontario is encouraged to:

- Introduce 10 to 15 year property tax abatements that would slash the property tax in half for investments, expansions, and upgrades.
- Introduce a commitment to improve MPAC'S valuation processes and to phase out the Business Education Tax (BET).
- Appoint an automotive industry representative who could provide industry knowledge and perspective on the MPAC board.

4. Reduce Automotive Industry Electricity Rates

Ontario's recent efforts to lower electricity costs for industrial and commercial employers are a welcome development for the auto industry. We urge continued reforms to electricity pricing such as the introduction of a targeted program for sectors, like auto, that cannot fully use the Industrial Conservation Initiative. This would ensure that facilities in Ontario become competitive with those in competing U.S. jurisdictions.